ARTIST'S IMPRESSION: 11 and 13 Paris Street Exeter

You are invited to invest in a community enterprise bringing local food back into the heart of Exeter. Real Food is an exciting breakthrough for our community, a not for profit organisation providing a local food store, bakery and café located in the city centre.

The REAL FOOD Store

Community Share Offer

Launch Date: 10 June 2010 **Closure Date:** 23 July 2010

REAL FOOD is the trading name of Exeter Local Food Ltd, a Community Benefit Society incorporated under the Industrial and Provident Societies Act 1965. Registered with the Financial Services Authority. Registered No. : 30853R

Real Food will be an exciting breakthrough for Exeter. A not for profit organisation providing a local food store, bakery and cafe located in the heart of the city. Local producers will at last have a quick route to customers and be able to get a fair price for the superb range of food that they grow and produce in Exeter's surrounding countryside.

Real Food will be located in Paris Street, near the bus station and just yards from the Princesshay shopping centre.
We plan to open our doors and start trading in October 2010. This is where you and the people of Exeter really count because it is your community investment that will make it happen.

What is Community Investment?

Community investment provides an opportunity for local people and organisations to contribute financially to the community with the expectation of a social dividend rather than just a financial return. Shareholders in Real Food will create new markets for quality food in Exeter, give local producers access to the high street, and promote sustainability within the local economy.

We have set up a community benefit society Exeter Local Food Ltd, trading as Real Food, to offer shares to the public. The shares you purchase will make you a member of Real Food and provide working capital for the first three years of trading and beyond, with an equal vote regardless of the size of your shareholding. Your involvement thereafter, as a customer or by helping to shape the business, is as much or as little as you wish. Our business plan (available for inspection at www.realfoodexeter.co.uk) projects a move into profit by the end of the third year of trading and we will be reporting regularly on progress.

Who is the Real Food Team?

We are seven individuals with a sound mix of expertise and professional skills who have been working hard for over a year to develop and plan Real Food. We all live or work in Exeter and its surrounds. We believe passionately in the aims of Real Food and have invested our time and energy voluntarily without financial reward. In keeping with the ethos of community investment we are also investing our money into this project.

We are all founder members and original shareholders in Real Food and form the current board. We intend to stand down at the first Real Food AGM and offer ourselves for re-election by the members, again on an unpaid basis. We would encourage any other members who are willing to commit time and energy to put themselves forward for election to the board.

We are:

Dominic Acland Co-founder of Occombe Farm, a major farming and local food retail and education centre in South Devon.
Nicola Beglin Chair of the Committee of Management of Exeter Community Agriculture and currently working for the DCC library service.
Sarah Collier Career in environmental and community project development and management also as a trainer in corporate social responsibility.
Christine Duff Coordinator & co-founder of OrganicARTS, an arts and education centre at West Town Farm, near Exeter; co-founder & a director of Love Local Food.
David Mezzetti Transition Exeter. Set up and managed a successful specialist travel business for 15 years, followed by a career in primary education.
Emma Parkin Former press officer for the Soil Association, she returned to Exeter and established the successful 'Emma's bread' artisan bakery business in 2005. Co-founder and a director of Love Local Food.
Dave Stickland With over 20 years' retailing experience, including the food sector. He has a Masters in Business Administration.

The founder directors are Dominic Acland, Nicola Beglin and David Mezzetti. The secretary is Sarah Collier. John Cartridge (a founding partner of Cartridges Solicitors but now retired and a trustee and vice chair of Age Concern Exeter) has given advice on the wording of this document.

Real Food: what will it look like?

Real Food consists of four inter-linked spaces over three floors,11-13 Paris Street. On the ground floor there is the food store, bakery and food-service counter and upstairs the café's main seating area and events space. (The top floor accommodates the Real Food office and toilets). The large windows of Real Food at street level offer an inviting glimpse of what is inside and the wide pavement makes it easy and pleasant for shoppers to come in and out.

The Bakery

Financed, staffed and operated as an independent business within the Real Food premises, the bakery is owned by Emma Parkin of Emma's Bread with Real Food as its priority customer. The bakery will be renting space, contributing to overheads and supplying Real Food at wholesale rates, on a six month review basis.

As Exeter's only city artisan bakery it will provide fresh bread, cakes, pastries and other specialities on a daily basis for both the shop and the café. Everything will be prepared in-house from good ingredients, individually crafted by an experienced team of bakers.
Better still the entire operation is visible with nothing hidden or half-baked waiting for 'bake-off'.

- Real bread, no added improvers or additives, suitable for all the family
- Speciality sourdoughs
- Seasonal bakery goods
- Cakes and teatime treats
- Pastries
- Pizza and other savoury goods

The Café

- The café will be a showcase for local produce offering a simple, seasonal menu using freshly baked bread, prepared salads, pies, soups & other baked goods
- An efficient takeaway service using the Food Store's produce
- An environment where you can take your time & socialise or just eat, drink and go

The Food Store

The Food Store will always favour locally sourced, seasonal, and affordable food, with a commitment to telling the story behind it. Where possible it will be organic. The Food Store will face up to the challenging sustainability issues of current food production, distribution and consumption and how global food issues affect us all. The Food Store aims to be a real 'one-stop-shop' alternative to the supermarket. Its basic product range will be:

- Vegetables and fresh herbs
- Seasonal fruit
- A range of local dairy products including cheese
- Local, sustainably reared meat
- Ethically sourced non-UK produce including citrus fruits, bananas, tea, coffee, pulses and chocolate
- A range of basic products such as olive oil, pasta, grains and flour to enable making a meal from scratch
- Products from its in-store bakery

Real Food invites shoppers to return to the basics of good food and good value for money and to be part of a vibrant sense of community. This is a real alternative to high-street and supermarket shopping, keeping people's hard earned cash circulating in the local economy. Exeter is ready for this new, food-based, food-inspired business.

The Events Space

- On the upper floor next to the café
  An engaging and attractive versatile space for multiple use during the day & evening
- Community use for local organisations
- Commercial hire as a fully equipped function room to help support Real Food's education mission and the wider food agenda

The Local Economy

Real Food is committed to growing the market for local food and will play an active part in local food networks that include growers, farmers and producers for whom a key issue is the lack of retail outlets for their product*. We believe that local producers and manufacturers of high quality foods deserve a better profile and that their businesses will benefit from consistent access to local consumers.

The growing demand for local food is supported by research into buying trends**. Real Food is an investor opportunity to extend the market within Exeter for local food that will complement other existing providers. Real Food aims to play an active part in the development of a sustainable local food economy. Our research visits to a number of 'local food' stores in the UK suggests that Exeter's community of 120,000, together with its commuters and visitors, has the potential to support a wider customer base for local food.

** "An appetite for Local Food" Report of workshop 20 January 2010, Corn Exchange Exeter.*
*** " IGD Shopper Trends" January 2010.*

Business Viability

Real Food is a new business. Our business plan has been developed with input, scrutiny and challenge from colleagues and associates with experience in the local food retail and catering sectors.

We have identified and factored in our competitors, analysed the reasons why previous local food initiatives in Exeter have struggled, and assessed the current state of the market, based on national data.

We see our location in the City Centre as a major reason why this business will succeed. Unlike previous local food initiatives, Real Food enjoys excellent visibility, close proximity to the largest concentration of office workers in Exeter's city centre, and good accessibility from the bus station, Bampfylde Street and Princesshay car parks.

The REAL FOOD Store

Based upon a conservative estimate of net profit margins, transaction numbers and average customer spend, we consider the business plan realistic in predicting a net profit by the end of the third year of trading. These expectations are well within the range established by cafes and farm shops in other less accessible locations.

The track record and experience of the team behind the business is also a critical factor in securing its viability, as are our extensive links with local food growers and producers in Devon.

What Investment does Real Food need in order to open?

We need to raise £190,000. This sum is required largely for working capital for the first three years trading. This includes the costs of 'fitting out' 11 and 13 Paris Street, electrical and mechanical work, purchase of refrigeration, chilling and kitchen equipment and initial stocking costs plus ongoing costs in the first 3 years of trading including the employment of a manager and staff for the enterprises described. If the community share issue raises no more than 75% of this sum, all those who have invested will be re-imbursed in entirety and the share issue will be deemed to have failed. We may seek other forms of capital in order to proceed if a sum is raised greater than 75% of the required amount but less than the total.

We are working to ensure that shares are eligible for the Enterprise Investment Scheme (EIS) tax relief, which means that an investor may be able to set up to 20% of investments over £500 against income tax liability. We will keep you informed of progress made. EIS also has capital gains reduction possibilities. EIS is arranged between the investor and HMRC.
We cannot guarantee your individual entitlement to EIS tax relief as tax rules are complex and ever changing. If you are unsure, please seek professional advice.

How does the share issue work and what guarantees do I have for my investment?

This is a long term investment unlike the more familiar investment in a for profit enterprise where the investor seeks to share in profits through dividends and make capital gains from an increase in the value of shares held which are freely marketable. The value of shares in Real Food cannot increase beyond the nominal value of £1 and may be reduced if liabilities exceed assets. Shares cannot be sold; the only way to recover the sum initially invested (or any reduced value) is to give 180 days notice of withdrawal to Real Food which cannot take effect until 3 years have elapsed from the date of issue of the shares or from the date Real Food begins trading (whichever is the later). Withdrawal will be at the discretion of the directors who will judge if Real Food is trading profitably and has adequate cash reserves to fund withdrawal. Real Food will have the discretion to pay interest on shares but in exercising such discretion the directors have to take particular account of the fact that Real Food provides an opportunity for people to contribute financially to the community with the expectation of a social dividend rather than for a financial reward.

This investment must therefore be considered an opportunity for people to contribute financially to the community with the expectation of a social dividend rather than just a financial reward. The Real Food business cannot be sold for the benefit of its member shareholders. This investment must therefore be considered as an opportunity to produce a benefit for the local community. Future profits not needed for the development of the business can only be used in furtherance of the society's objects as specified in its rules.

How to invest

The minimum investment is £100 and the maximum is £20,000. You are investing in Exeter Local Food Ltd which was registered with the Financial Services Authority on 2/12/2009 (Registered No. 30853 R).
We used governing documents supplied by Wessex Community Assets, (WCA), specialists in community investments, (www.wessexca.co.uk) who have advised us in the preparation and launch of this share issue. This is the ninth community share issue with which WCA have been involved.

Our governing document, the Rules, is available at www.realfoodexeter.co.uk and explains member/shareholder's rights as well as details about the nature of the shares and the management and constitution of the society.

We have identified the following risk factors for Real Food:

- The impact on the long-term future of the business if unable to renew the 5 year lease we will be signing for the premises, due to the start of any future comprehensive redevelopment of the bus station area.
- Unanticipated competition from similar enterprises that might seek to set up in the city centre.
- Reduced personal disposable income and customer spend as a consequence of reduced employment, inflation or similar impacts within the UK economy.

This list is not necessarily comprehensive and any trading activity is vulnerable to changing or unanticipated risk. Our share offer is exempt from the Financial Services and Markets Act 2000 or subsidiary regulations; this means you have no right of complaint to an ombudsman.
A community benefit society is registered with but not authorised by the Financial Services Authority and therefore the money you pay for your shares is not safeguarded by any depositor protection scheme or dispute resolution scheme. As the whole of your investment could carry a risk, please consider it carefully in the context of the complete share offer document, and if needed seek independent advice.
A share application form is attached. It can also be downloaded from: www.realfoodexeter.co.uk

The REAL FOOD Store

Café, Bakery and Store.

www.realfoodexeter.co.uk

Putting local food and drink back into the heart of Exeter.

Design & layout: Krage Design